

BUDGET FOR THE MTREF 2019/2020

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Report by / Verslag deur: Manager Budget – WF Bergh

STRATEGIC PURPOSE / STRATEGIESE REDE

Efficient, cost effective and best quality service delivery through sound financial management.

PURPOSE OF REPORT / DOEL VAN VERSLAG

To table the budget for the MTREF 2019/20 financial year for approval.

BACKGROUND AND DISCUSSION / AGTERGROND EN BESPREKING

1. MAYORS 2019/20 BUDGET SPEECH

The Mayor's budget speech is included in the budget report.

2. BUDGET 2019/2020

See the following ATTACHED documents:-

- o Budget Report
- o Annexure A (Tariffs)
- o Annexure B (Budget related Policies & By-Laws)
- o Annexure C (Long Term Financial Plan)
- o Annexure D (Circular 93 and 94)
- o Annexure E (Procurement Plan)
- o Annexure F (Property Rates Reconciliation)
- o Annexure G (MTREF & National Treasury formats)
- o Annexure H (MTEC 3 report & Council's response)
- o Annexure I (Comments on Draft Budget & Municipality's response)



3. DRAFT POLICIES

The following policies/by-laws were reviewed and workshopped with the public.
The following are extracts of the main proposed amendments:

3.1 Property Rates Policy & By-Law

Insert:

Definition:-

"mining properties" – means a property used for mining operations as defined in the Mineral and Petroleum Resources Development Act, 2002 (Act No. 28 of 2002)

- 5(2)(k) – Mining Category
 (k) Mining Properties
 (i) Mining properties



8.1.1.4 – Public Benefit Organisation Property

****Refer to letter from Cogta**

The municipality will apply the ratio for Public Benefit Organisations of 1:0.25 (which is a 75% rebate on the tariff for residential properties) as promulgated by the Minister of Cooperative Governance and Traditional Affairs on 12 March 2010 through Government Gazette 33016, Notice R.195.

9.1.2 – Rebate on agricultural property

****Refer to letter from Cogta**

The municipality will apply the ratio for Agricultural farm properties of 1:0.25 (which is a 75% rebate on the tariff for residential properties) as promulgated by the Minister of Cooperative Governance and Traditional Affairs on 12 March 2010 through Government Gazette 33016, Notice R.195.

9.2.2.2 The Municipality grants a rebate, to be determined on an annual basis, for retired and disabled persons that do not qualify in terms of Council's approved Indigent Policy. For the 2019/2020 financial year rebates will be applied as follows: -

- (a) Gross income (prior to any deductions, excluded PAYE and medical aid contributions to a medical scheme registered in terms of the Medical Schemes Act) R0 – R3 500 per month – 25%; and
- (b) Gross income (prior to any deductions, excluded PAYE and medical aid contributions to a medical scheme registered in terms of the Medical Schemes Act) R3 501 to R8 000 per month – 15%.

9.2.2.3 Additional rebates for owners who qualify in terms of clause 9.2.2.2 (additional to 9.2.2.2 on balance of rates) can be granted to owners or usufructuaries if they can be categorised in one of the following age categories: -

- (a) 60 to 75 years – 25%;
- (b) 76 to 85 years – 35%; and
- (c) 86 years and older – 50%. – (2018/2019 = 40%)

10.2 – Reductions

10.2.1 *The owner of the property referred to in clause 10.1.1 shall apply in writing for a reduction and the onus will rest on such applicant to prove, with the following documentation mentioned in 10.2.1.1 – 10.2.1.4, to the satisfaction of the Municipality that his property has been totally or partially destroyed. He/ she will also have to indicate to what extent the property can still be used and the impact on the value of the property.*

10.2.1.1 written application for reduction;

10.2.1.2 fire report from the Municipality's Law Enforcement department;

10.2.1.3 a copy of the Insurance assessors report; and

10.2.1.4 a complete report of the destruction.

10.2.2 *Owners of property referred to in clause 10.1.2 will only qualify for a rebate if affected by a disaster as referred to in the Disaster Management Act, 2002 (Act No. 57 of 2002).*

- 10.2.3 *A maximum reduction to be determined on an annual basis shall be allowed in respect of both clauses 10.1.1 and 10.1.2. For the 2019/20 financial year the maximum reduction is determined as 80%.*
- 10.2.4 *An ad-hoc reduction will not be given for a period in excess of 6 months after the destruction had taken place, unless the Municipality gives further extension on application.*

3.2 Credit Control and Debt Collection Policy & By-Law

Insert:

17(5)(h) tot (j): Water leakages

- (h) Any water leakage discovered on the side of the customer will be the responsibility of the customer.
- (i) A customer may qualify for a reduction in levy as determined by Council on his/her account in the event of a water leakage, if:
 - (i) the leakage was repaired within 48 hours after detection / notification by the municipality; and
 - (ii) the customer has not applied for discount on water leakages within the previous 12 months.
- (j) Where a customer repaired such a water leakage the Municipality may consider a rebate on the water account of the customer. In this regard:-
 - (i) the customer must apply in writing, within 10 days after completion of repairs, for such rebate.
 - (ii) a receipt as proof of repairs must be submitted with the application.
 - (iii) the application must be submitted to the Chief Financial Officer for approval.
 - (iv) the rebate will be calculated on the average of the previous 12 months consumption at the lowest tariff;
 - (v) if approved, the applicable credit will be passed in the subsequent account; and
 - (vi) Paragraph 17(5)(j) will only apply where consumption increased more than double the average usage of the previous 12 months due to a leak.

18(4): Cash payments at municipal resorts

- (4) Only cash, electronic transfers (EFT), credit- or debit cards will be accepted as payment at the municipal resorts, regardless of whether a customer has a municipal account.

3.3 Tariff Policy

Electricity Policy

9.1.1.1(b) & 9.2.1.1(b) - phasing out of 33A-45A

9.1.1 Customers with Conventional Meters

9.1.1.1 Customers with conventional meters are billed as follows:-

- (b) Two part tariff:
 - i. Basic monthly charge (R/month). The basic charge is determined by the category within which the consumer's tariff circuit breaker size falls, i.e. 0 to 32A, (~~33 to 45A~~), 33A to 63A and 64 to 80A for single, and 0 to 32A; (~~33 to 45A~~): 33A to 63A and 64 to 80A for three phase.

9.2.1 Customers with Conventional Meters

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- i. Basic monthly charge (R/month). The basic charge is determined by the category within which the consumer's tariff circuit breaker size falls, i.e. 0 to 32A, (33 to 45A), 33A to 63A and 64 to 80A for single phase, and 0 to 32A, (33 to 45A), 33A to 63A, 64 to 100A for three phase.

9.1.2.1(i) & 9.2.2.1(b)(i) – phasing out of 33A – 45A

9.1.2 Pre-paid Customers

9.1.2.1 Prepaid users are charged based on a Two part tariff:-

- i. The basic charge is determined by the category within which the consumer's pre-payment meter trip setting falls, i.e. 0 to 32A, (33 to 45A), 33A to 63A and 64 to 80A for single phase and 0 to 32A, (33 to 45A) and 33A to 63A for three phase. The basic charge will not be billed monthly but collected when customers purchase electricity at any given time as follow:-

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Refuse Policy

11.1.3 The Council has determined the following categories for refuse removal in rural areas:

- 11.1.3.3 - Special agreements - All developments with 5 or more units on one single registered portion, will qualify for a 20% discount. An application to qualify for discount must reach Council in writing before 31st December of the year preceding the financial year for which the rebate is applied for. If approved, a rebate of 20% will be applied. If no application is received the full charges will be levied. This is a once-off application after which it will be applied automatically if applicable.

3.4 Indigent Policy

10.3.1 Category A - Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is equal or less to the minimum amount as determined by Council from time to time. 2019/20 = R 0.00 tot R3 500.00 pm or 2 x State Social Grant for pensioners over 75.

Category B - Support to qualifying households where the combined total gross income of the registered owner/ tenant and his/her spouse or life companion is within the extended amount as determined by Council from time to time. 2019/20 = R3 501.00 pm – R4 000.00 pm



The following policies were internally reviewed by Departments and no amendments was made.

3.5 Cash Management and Investment Policy

The policy is aimed at gaining the optimal return on investments, without incurring undue risk during those periods when cash revenues are not needed for capital or operational purposes.

This policy was reviewed on the 3rd of April 2019 by Council.

Insert the following under point 4. Banking of receipts:-

4.3 The transfer of cash from all municipal pay points for depositing into the municipal bank account be handled by security firms. The security firm is therefore responsible for all monies from municipal pay points to correct depositing at the bank.

3.6 Asset Management Policy

Includes depreciation norms and maintenance requirements.

3.7 Liquidity Policy

Sets out the minimum risk management measures that the Municipality has to implement and adhere to in order to ensure that its current and future liquidity position is managed in a prudent manner.

3.8 Borrowing, Funds & Reserve Policy

Sets out the framework for the prudent use of Borrowing, Funds and Reserves available to the Municipality. Should be implemented in conjunction with the approved Liquidity Policy.

3.9 Virement Policy

The policy is aimed at virement of Council's budget during the year.

3.10 Supply Chain Management Policy

Demand, acquisition, disposal and logistics regarding the procurement of goods and services.

4. TARIFF INCREASES

4.1 PROPERTY RATES

❖ Residential	9,0%
❖ Business	9,0%
❖ Government	6,63%
❖ Rural	9,0%
❖ Vacant Stands	9,0%

4.2 WATER

12.0%

4.3 ELECTRICITY

13,07% (average)

❖ Registered indigent households/
(consumption 51-350kWh per month)

6.04%

4.4 REFUSE

15.0%

4.5 SEWERAGE

9,0%



4.6 SUNDRY TARIFFS

6 – 8%

4.7 RENTALS

Per Contracts

5. REBATES

The following rates rebate has been amended:

The Municipality grants a rebate, to be determined on an annual basis, for retired and disabled persons that do not qualify in terms of Council's approved Indigent Policy. For the 2019/2020 MTREF financial year rebates will be applied as follows: -

- (a) Gross income (prior to any deductions, excluded PAYE and medical aid contributions to a medical scheme registered in terms of the Medical Schemes Act) R0 – R3 500 per month – 25%; and
- (b) Gross income (prior to any deductions, excluded PAYE and medical aid contributions to a medical scheme registered in terms of the Medical Schemes Act) R3 501 to R8 000 per month – 15%.

Additional rebates for owners who qualify in terms of clause 9.2.2.2 (additional to 9.2.2.2 on balance of rates) can be granted to owners or usufructuaries if they can be categorised in one of the following age categories: -

- (a) 60 to 75 years – 25%;
- (b) 76 to 85 years – 35%; and
- (c) 86 years and older – 50% (2018/19 = 40%)

6 INDIGENT SUBSIDY

The draft budget makes provision for the following categories of indigent subsidy-

Category A:

- o Income per household – R3 500 p.m.
- o Water – 6kl per household
- o Electricity – 50kwh
- o 100% rebate – Property Rates, Sewerage-, Refuse- and Water- basic fees

Category B:

- o Income per household – R3 501 p.m. – R4 000 p.m.
- o Water – 6kl per household
- o Electricity – 50kwh
- o 50% rebate – Property Rates, Sewerage-, Refuse- and Water- basic fees

Category C – Care Centres/Old Age Homes

- o R 150,00 per person per month whose income does not exceed R4 000 p.m.

Category D – Tenants not receiving municipal accounts

- o As per Category A or B

Category E – Churches

- o 100% rebate on basic services for water, sewerage and refuse if 50% of the members qualify as indigents

COMMENTS: MUNICIPAL MANAGER / KOMMENTAAR: MUNISIPALE BESTUURDER

The South African economy is under huge pressure and the residents are feeling the effects. The economic growth rate of South Africa is 0, 8% for 2018 and the projected growth rate for 2019 is 1, 5%. Unemployment is 27, 6% and the population growth rate is 1, 6%. The number of grant dependent citizens are growing and more than 60% of children under 18 are beneficiaries of child grants. This situation is putting municipal budgets under enormous strain and the affordability of services is the biggest challenge during the preparation of the budget. The solution is to lower the cost of services by lowering the standard of services; decrease the controllable expenses such as salaries; or increase productivity/introduce innovative process to deliver better quality of services at a lower cost.

The cost of debt must be controlled and a very strict standpoint must be endorsed to limit new external loans. Grant allocations (MIG/Lotto/Equitable Share/Provincial Grants/etc.) must be utilised to the fullest extent to prevent council from increased borrowings. The increase in debt owed to the municipality must be controlled by strict debt recovery.

The recommendations are supported.

COMMENTS: DIRECTOR CORPORATE MANAGEMENT / KOMMENTAAR: DIREKTEUR KORPORATIEWE BESTUUR

Noted

COMMENTS: DIRECTOR FINANCIAL SERVICES / KOMMENTAAR: DIREKTEUR FINANSIËLE DIENSTE

Operating budget:

The budget, excluding capital contributions, reflects a deficit of approximately R15,6 million, R26.1 million and R29.0 million over the 2019/20 MTREF period. The main reason for the deficit is because of non-cash items such as provision for landfill sites, retirement benefits and depreciation being budgeted for.

Below is a comment received from the Provincial Treasury regarding the risk of budgeting for a deficit.

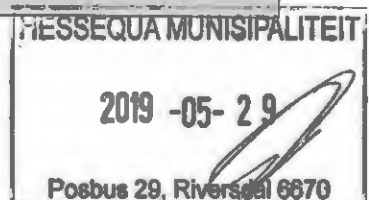
The Municipality has tabled a funded MTREF budget, but is encouraged to consider a budget planning framework that would enable the tabling of an operating surplus budget. The practice of tabling of operational deficit budgets has the ability over time to reduce either the contributions to cash backed reserves or reduce the contributions to internal funds towards capital spending – The MTEC 3 (2019/20) report from Provincial Government is attached as Annexure H.

CIRCULAR 93 STATES INTER ALIA THE FOLLOWING:

Key focus areas for the 2019/20 budget process

2.2 Tabling of funded budgets

- Adopting a funded budget has become more critical now than before as it has direct bearing on the financial sustainability of the Institution.



Comment: Council have to ensure that the budget deficit decreases annually, because this can lead to an unfunded budget in future. This will be problematic for the municipality and can possibly lead to the disapproval of the budget by National Treasury.

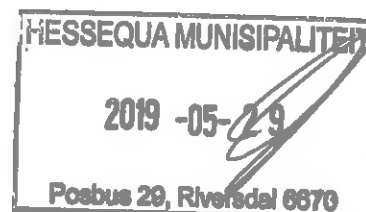
REVENUE BUDGET

"Municipalities are required to **justify all increases in excess-of the projected inflation target for 2019/20** in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups. Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band"

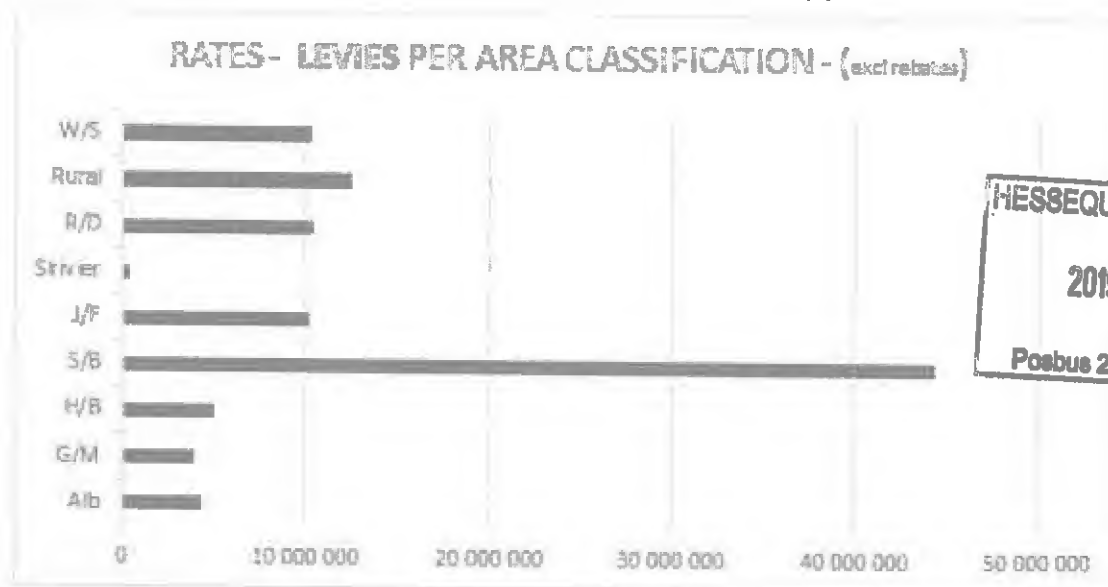
Comment:

The municipality's revenue increases above inflation because of the following reasons:

- **Water increases by 12%** - water is a scarce commodity and its usage must be managed carefully by everyone. Provision has been made in the budget for additional water sources which will have a future implication on the operating budget.
- **Refuse increases by 15%** - this department operates at a loss, and every service should break even or a surplus should be budgeted for. This is mainly a result of the provision for landfill sites. The higher increase has been done to extinguish the deficit annually.
- **Property rates increases by 9%** - Tariffs must be calculated on growth of services sold and an annual increase. The inflation targets of 3 to 6% can only be attained if there is growth. The current poor national economic climate has resulted in very little growth over the past years. This causes tariffs to increase above inflation. As per Circular 93 municipalities are requested to submit the following information to National Treasury: (Attached as Annexure F)
 - Copy of the approved current General Valuation Roll of the municipality
 - Copy of the approved Supplementary Valuation Roll of the municipality
 - An extract from the financial system showing the property rates information
 - Detail of reconciliation between the GVR and financial system illustrating the variances;
 - Proposed process to rectify the variances



The following graph show the rates levies (excl. rebates) per area for 2019/20.



- **Sewerage increases by 9%** - Tariffs must be calculated on growth of services sold and an annual increase. The inflation targets of 3 to 6% can only be attained if there is growth. The current poor national economic climate has resulted in very little growth over the past years. This causes tariffs to increase above inflation.
- **Electricity increases by an average of 13,07%** - The municipality received the final Consultation Paper for 2019/20. The tariff increase for Eskom is 15.63% and the recommended increase for municipal clients is 13,07% for average tariff increases. The municipality's tariffs increase by an average of 12.53%. The increase for registered indigent consumers increase by 6.04% for a consumption between 51 to 350kwh per month. **The municipality's tariffs are subject to approval from NERSA.** We are still waiting for NERSA's tariff increase guideline letter.

EXPENDITURE BUDGET

- **Employee Related Cost increase by 6,5%** - Include in the draft budget is an amount of R3 350 335 for 11 new posts and the amendment of 1 existing post. There were requests for many more posts than the 11 that were approved. The additional 11 posts are however regarded as necessary to ensure that the municipality can at least maintain its high standard of service delivery.
- Below is an extract from the SA Local Government Bargaining Council Collective Agreement:

SALARY AND WAGE INCREASE FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020

The parties, SALGA, IMATU and SAMWU, at the Executive Committee meeting held on 19 March 2019, agreed that the salary and wage increases for the 2019/2020 financial year as per the Salary and Wage Collective Agreement dated 15 August 2018 shall be, as follows:

1. The salary and wage increase, in terms of clauses 6.3 and 6.5 of the Collective Agreement shall be six comma five percent (6.5%), with effect from 1 July 2019.

• Repairs and Maintenance

The Statement of Performance does not have a line item for repairs and maintenance. As per the mSCOA chart, expenditure items are coupled to projects. The following has been included in the draft budget for repairs and maintenance for the current year, as well as the MTREF period.

Infrastructure and Other	Sum of 3rd Amended	Sum of Budget 2020	Sum of Budget 2021	Sum of Budget 2022
Electricity	2 195 042	2 343 019	2 483 600	2 632 617
Other	10 181 977	9 353 952	11 478 379	11 198 230
Roads	2 084 911	2 988 110	2 528 997	2 662 437
Sanitation	992 962	1 052 540	1 115 694	1 182 635
Solid Waste	126 920	133 899	141 933	150 449
Water	1 827 250	1 642 049	1 740 575	1 845 008
Grand Total	17 408 462	16 913 569	19 489 172	19 671 376
PPE, Investment Property and Intangible Assets	901 959 000	983 661 435	1 015 948 255	1 060 062 430
Percentage of Assets	1.93	1.72	1.92	1.86
Percentage of budget to be spent internally	32.90	38.63	35.73	37.78

The norm for repairs and maintenance against the carrying value of PPE, Investment Property and Intangible Assets is 8%. If employee related cost is taken into account, the municipality's ratio is 8.50% for 2019/20 and 9.03% and 9.15% for the respective outer years. This is well within the norm.

LONG TERM DEBT

The raising of loans is sound financial practice, provided it is done within acceptable norms. The approved Borrowing, Funds and Reserves Policy in paragraph 4.2 (c) states the following:

The ratios to be considered to take up additional borrowings are as follows, unless in contravention with any loan covenants: (the quotation is only applicable to those parts where comments are applicable)

- (i) Total Long-term Debt to Total Operating Revenue not to exceed 35% (Circular 71 measures the ratio differently and for this reason the % is higher – Total Long-term Debt to Total Operating Revenue – Operational Conditional grants = 45%)

The following table measures the ratio of Long Term Debt to Total Operating Revenue. It can be seen from the table below that the ratio of 35% is exceeded annually. To lower the ratio, smaller loans will have to be raised. For the 2018/19 financial year, a loan of R30 000 000 will be raised instead of R49 019 749. This will decrease the ratio to less than 35% for year 1 and 3 and slightly above 35% for year 2.

2019/2020	2020/2021	2021/2022
38.59	38.85	37.86



The following table shows the ratios as per Circular 71, which is comfortably within the norm of 45% for the MTREF period.

2019/2020	2020/2021	2021/2022
39.83	40.97	40.38

- (ii) Percentages of Total Annual Repayment (Capital and interest) to Operating Expenditure to be less than 8% (Circular 71 = 6 – 8%).

The table below shows that the municipality is within the norm for the MTREF period.

2019/20	2020/21	2021/22
7.04%	7.82%	7.77%

The current loans payable as at 30 June 2018 is R111 554 932. The amounts payable, including interest is as follows:

2018/2019	28 547 931
2019/2020	26 926 989
2020/2021	24 405 281
2021/2022	20 797 174
2022/2023	17 010 774
2023/2024	14 519 725
2024/2025	10 511 214
2025/2026	10 516 456
2026/2027	3 228 354
	156 463 898



CAPITAL BUDGET

The capital budget over the MTREF period, is ± R1,7 million above the approved financial plan for 2019/2020. The two outer years however exceed the plan by R22 748 999 and R12 694 455 respectively. The approval of excessive capital budgets will lead to serious cash flow problems in future. Debtors will simply not be able to pay their accounts. All capital expenditure either out of own funds or from grants has a big impact on the operating budget, and the municipality becomes more expensive year on year.

1. Spending on sport facilities

The MIG guideline for spending on sport is 15% of the total annual allocation. The following table reflects the MIG budget for sport against the 15% guideline.

	2019/2020	2020/2021	2021/2022
15% of MIG allocation	2 047 500	2 125 950	2 238 600
Per draft budget	4 000 000	4 000 000	4 000 000
% MIG allocated to sport facilities	29.30	28.22	26.80

Besides the abovementioned spending from MIG funding, a further R2 million from own funds has been budgeted for 2019/2020 and 2020/2021. The serious consequence of this is;

- Much needed basic services that would have been funded by MIG, will have to be done from own funds.
- Huge pressure is placed on the operating budget because maintenance, employee costs, depreciation, finance charges, insurance, etc. comprises large amounts.

Below is a comment from the MTEC 3 report:-

The Municipality is also advised to utilise infrastructure grants well and not to jeopardise the funding of infrastructure delivery. There is a need to ensure that the internal and external institutional arrangements are visible to derive maximum benefit in enhancing investment opportunities. As the demand for residential and tourism increased the Municipality is advised to ensure that it has adequate infrastructure capacity.

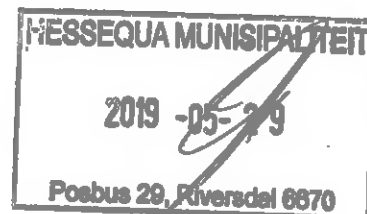
2. **Spending per ward, consolidated wards and the whole Hessequa area**

The following table shows the spending per area. An amount of R11 million for roads has been apportioned percentage wise by the Technical Department. To compare spending per ward, property rates revenue is shown in the last column of the table below (property rates information for wards in the rural area is not available).

The budget has been compiled to ensure that sustainable services can be delivered.

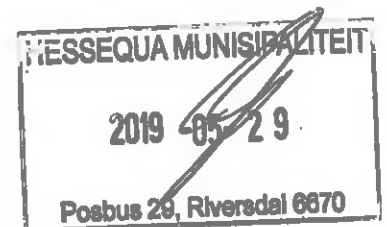
From the following table can be seen that large spending will take place in Wards 1 and 3. This is crucial for the municipality to promote growth and to be able to balance its revenue and expenditure. NT has requested municipalities to increase their budget out of own funds for the following reasons:

- To be financially sustainable in future
- To alleviate pressure on tariff increases
- To be less dependent on grants



WARDS	2019/20	% of Total	% Rates Income (excl. rebates, Indigent support & rural areas)
Ward 1	9 372 500	8.49%	47.37
Ward 1,3	28 212 406	25.55%	
Ward 3	2 548 500	2.31%	10.09
Ward 1,3	40 133 406	36.35%	57.46
Ward 2	9 478 812	8.59%	4.32
Ward 4	8 513 840	7.71%	
Ward 4,5	4 475 000	4.05%	15.64
Ward 5	525 000	0.48%	
Ward 4,5,9	370 000	0.34%	
Ward 4,5,9	13 883 840	12.57%	15.64
Ward 9	3 110 000	2.82%	
Ward 6	1 262 000	1.14%	
Ward 7	6 478 000	5.87%	
Ward 8	600 000	0.54%	
Ward 6,7,8	15 534 000	14.07%	10.26
Ward 6,7,8	23 874 000	21.62%	10.26
Ward - HQ	19 928 910	18.05%	
TOTAL	110 408 968	100.00%	87.68

The following capital items were not adjusted during February 2019 adjustment budget and it seems as if these items will not be spent by 30 June 2019.
After the approval of the Draft Budget the following changes to the capital budget was made by Management:



Vote Number	Project description	Ward	Ref	Fund	Budget 2019/20	Reason
	Total Draft Budget - 2019/20				100 786 968	
69106420420IFV30ZZ10	Double Cab Truck Tipper - Public Works - S/B	1,3	S/B	CRR	600 000	Roll Over from 2018/19
71106420420IFV33ZZ02	Suction Tanker - Sewerage - A/B	2	A/B	CRR	1 100 000	Roll Over from 2018/19
69106420420IFV36ZZ11	1 X 5m3 Tipper - Public Works - H/B	4,5	H/B	CRR	700 000	Roll Over from 2018/19
69106420420IFV37ZZ10	1 X 5m3 Tipper - Public Works - S/B	1,3	S/B	CRR	700 000	Roll Over from 2018/19
69106420420IFV39ZZ02	Multi-purpose Loader - Public Works - A/B	2	A/B	CRR	1 300 000	Roll Over from 2018/19
69106456020IFJE5ZZ13	Double Axle trailer with rails - Public Works - R/D	6,7,8	R/D	CRR	150 000	Roll Over from 2018/19
63106473520BBQH4ZZ10	Upgrading of Sportsfields fencing - S/B	1,3	S/B	Loan	250 000	Roll Over from 2018/19
64156473520BBQJ1ZZ06	Upgrading of swimming pools - De Mist - Riversdal	6	R/D	Loan	200 000	Roll Over from 2018/19
73106446020BBS16ZZ13	Riversdale Low Level Res Rehabilitation	6,7,8	R/D	Loan	1 500 000	Roll Over from 2018/19
73106446020BBS58ZZ01	Sand Filters - Gouritsmond	1	G/M	Loan	750 000	Roll Over from 2018/19
74106420420BBV06ZZ10	Cherry Picker - Electricity - S/B	1,3	S/B	Loan	1 400 000	Roll Over from 2018/19
74106430420BBM10ZZ10	INSTALLATION OF NEW TRANSFORMER - ELEC - S/B	1,3	S/B	Loan	500 000	Roll Over from 2018/19
61106473520IFQY1ZZ04	Fencing of cemeteries - Slangrivier	4	S/R	CRR	-200 000	Replace with toilet project
	Building of toilets & Waterpoints at cemetery - Slangrivier	4	S/R	CRR	200 000	Replace the fencing project
	2 X Laptop - Interns - Finance	HQ	H/Q	FMG	-28 000	Existing Laptops still working
	Budget Tool - Budget - Finance	HQ	H/Q	FMG	330 000	Budget Tool to comply with NT
	Budget Tool - Budget - Finance	HQ	H/Q	CRR	170 000	Budget Tool to comply with NT
	Total Final Budget - 2019/20				110 408 968	

Full detail of the capital budget is in the report. The procurement plan of the capital budget is attached per Annexure E

- The capital budget over the 2019/20 MTREF period makes no provision for landfill sites.
- The budget does provide for a new financial system in 2020/21
- The operating budget does provide for a new valuation roll to be implemented 1 July 2021

Full detail appears in the budget report and schedules

COMMENTS: DIRECTOR DEVELOPMENT PLANNING / KOMMENTAAR: DIREKTEUR ONTWIKKELINGSBEPLANNING

The recommendations are supported.

COMMENTS: DIRECTOR TECHNICAL SERVICES / KOMMENTAAR: DIREKTEUR TEGNIESE DIENSTE

The recommendations are supported.

COMMENTS: DIRECTOR COMMUNITY SERVICES / KOMMENTAAR: DIREKTEUR GEMEENSKAPSDIENSTE

The recommendations are supported.

COMMENTS: MANAGER LEGAL SERVICES / KOMMENTAAR: BESTUURDER REGSDIENSTE

The item content is in line with relevant legislation and the recommendations are supported.



COMMENTS: HEAD STRATEGIC SERVICES / KOMMENTAAR: HOOF STRATEGIESEDIENSTE

COMMENTS: OTHER / KOMMENTAAR: ANDER

RECOMMENDATION / AANBEVELING

1. That the 2019/20 MTREF operating budget be approved as follows:-

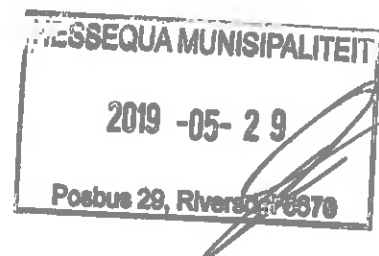
	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
Total revenue	498 022 581	543 801 359	590 700 809
Total expenditure	497 391 211	554 657 962	603 684 961

(Including capital transfers and excluding internal transfers)

2. That the following tariff increases for 2019/20 be approved;

PROPERTY RATES

❖ Residential	9,0 %
❖ Business	9,0 %
❖ Government	6,63 %
❖ Rural	9,0 %
❖ Vacant Stands	9,0 %



WATER 12.0 %

ELECTRICITY 13,07% (average)

❖ Registered indigent households/ (consumption 51-350kWh per month)	6.04%
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REFUSE 15.0 %

SEWERAGE 9,0 %

SUNDRY TARIFFS 6 – 8 %

RENTALS Per Contracts

3. That the tariffs as set out in Annexure A be approved with effect from 1 July 2019.
4. That the electricity tariffs be approved subject to NERSA's approval.
5. That the 2019/20 MTREF capital budget be approved and financed as follows:

	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
Capital Expenditure	110 408 968	77 943 349	68 733 255
<u>Finance Source</u>			
CRR	27 803 362	19 193 065	14 894 755
External Loans	66 362 406	43 555 934	37 799 700
Grants and Public Contributions	16 243 200	15 194 350	16 038 800

6. That the budget related policies as set out in Annexure B be approved.

Property Rates Policy (B1)

Indigent Policy (B2)

Credit Control and Debt Collection Policy (B3)

Principles and Policy on Tariffs and Free Basic Services (B4)

Cash Management and Investment Policy (B5)

Asset Management Policy (B6)

SCM Policy (B7)

Virement Policy (B8)

Liquidity Policy (B9)

Borrowing Funds and Reserve Policy (B10)

7. That the MTREF and National Treasury budget schedules attached as Annexure G, be approved.

8. That the capital procurement plan as per Annexure E, be approved.

9. That the Property Rates Reconciliation as per Annexure F, be approved.

10. That the MTEC 3 report and the municipality's response as per Annexure H, be noted

11. That the Comments on the Draft Budget / Municipality's response be approve as per Annexure I.

AGENDA ITEM APPROVED BY / AGENDA ITEM GOEDGEKEUR DEUR:

Director Financial Services – HJ Viljoen

ATTACHMENTS / STAWENDE DOKUMENTE

Please refer to Agendas 2 and 3 for the following attachments:

Budget Report

Annexure A (Tariffs)

Annexure B (Budget related Policies & By-Laws)

Annexure C (Long Term Financial Plan)



Annexure D (Circular 93 and 94)

Annexure E (Procurement Plan)

Annexure F (Property Rates Reconciliation)

Annexure G (MTREF & National Treasury formats)

Annexure H (MTEC 3 report & Council's response)

Annexure I (Comments on Draft Budget & Municipality's response)

